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FM AMEMBASSY ASTANA
TO RUEHC/SECSTATE WASHDC 2213
INFO RUCPCIM/CIMS NTDB WASHDC
RUCPDOC/DEPT OF COMMERCE WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUCNCIS/CIS COLLECTIVE 0472
RUEHAK/AMEMBASSY ANKARA 2156
RUEHBUL/AMEMBASSY KABUL 0393
RUEHNE/AMEMBASSY NEW DELHI 0501
RUEHAST/USOFFICE ALMATY 0384

UNCLAS ASTANA 000726

SIPDIS

DEPT FOR SCA/CEN (O'MARA)
DEPT PASS TO OPIC - BALLINGER
DEPT PASS TO TDA FOR STEIN, EXIM FOR GLAZER
DEPT PASS TO AID - EE-PHILLIPS/RUSHING
TREASURY FOR OASIA/VELTRI
USDOC FOR 4231/ITA/MAC/MLONDON, 4201/BISNIS
USDOC FOR 6110/ITA/TD/BI/RHALPERN
ANKARA FOR CFC

SIPDIS

E.O. 12958: N/A
TAGS: [ECON](#) [EIND](#) [ENRG](#) [EPET](#) [EFIN](#) [KTDB](#) [KZ](#)
SUBJECT: KAZAKHSTAN ECONOMIC AND ENERGY UPDATE, MARCH 22 - APRIL 4, 2008

¶11. Summary: This information is drawn primarily from the Kazakhstani local press, and has not been verified for accuracy.

-- KazAgro to Transfer Secondary Assets
-- ArcelorMittal Temirtau Wins Court Ruling in Tax Dispute
-- KMG to Upgrade Oil Refineries
-- State Considers a 15% Stake in Kazakhmys
-- Economic and Energy Statistics for January-March 2008

KazAgro to Transfer Secondary Assets

¶12. The state agricultural holding company KazAgro plans to spin off some of its secondary assets not directly associated with its operations. According to KazAgro management board chairman Alikhan Smailov, such assets include grain storage facilities and a cotton refining plant. (Kazakhstan Today, April 4)

ArcelorMittal Temirtau Wins Court Ruling Tax Dispute

¶13. The Karaganda regional court ruled in favor of metals company ArcelorMittal Temirtau (AMT) in its claim against the Temirtau Tax Committee, which levied corporate income taxes from 2002-2005 on an AMT offshore subsidiary in the UAE. The Tax Committee will appeal the decision. The Karaganda regional court's decision reversed an earlier ruling by a lower court in the Tax Committee's favor. (Kazinform, April 4)

KMG To Upgrade Oil Refineries

¶14. According to the KMG Crude Processing Department Deputy Director Arman Kairdenov, reconstruction of the Pavlodar oil refinery (in North Kazakhstan) will cost approximately \$500 million. KMG plans to obtain a 70% stake in the Indonesian-led company MangistauMunayGas, which co-owns the refinery. KMG is also in talks with its partner, Chinese National Petroleum Corporation, to fund the upgrade of the Shymkent oil refinery (in South Kazakhstan) and is in search of external financing to increase the capacity of its Atyrau oil refinery (in West Kazakhstan). (Astana TV Channel, March

State Considers a 15% Stake in Kazakhmys

¶5. Kazakhstan's government intends to buy a 15% stake in the privately-owned copper producing company Kazakhmys. The company confirmed that it has held preliminary negotiations with the government. In December of 2002, the state sold its 24.65% stake in Kazakhmys. (Delovaya nedelya newspaper, March 28)

Economic and Energy Statistics for January-March 2008

¶6. According to the National Statistics Agency, the inflation rate was 2.5% during January-March 2008, compared to 2.6% during the same period in 2007. The exchange rate averaged 120.45 tenge per dollar. (Delovaya Nedelya newspaper, April 4)

¶7. Total production of gas condensate and crude oil during January-March was up 6.4% year-on-year to 17.675 million tons, though gas condensate production itself fell 5.3% to 1.648 million tons. Production of gas (dry natural gas, LNG, and natural gas liquids) during the three-month period grew 10.4% year-on-year to 8.294 billion cubic meters, which included an 18.8% increase in dry natural gas production to 5.041 bcm. (Interfax-Kazakhstan, April 2)

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